

# MALTA

## A FUTURE START-UP HUB?

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# MALTA - A FUTURE START-UP HUB?

Malta does not have a structured Private Equity and Venture Capital industry, as can be found in larger European economies. Indeed, there are few firms on the island that could describe themselves as PEs or VCs.

There is a lot going on in the start-up sector, however. And although the small, island state lacks a manufacturing base, it has a thriving service sector, with many potential investment opportunities.

This Qodeo report brings unique insights into the background and activities of venture capital and private equity firms in Malta. The report also provides some general commentary on the investment and entrepreneurial VC and PE community in this country. It was compiled before the global coronavirus pandemic so although it can offer no insight into the impact of that on business, it does offer an overview of the state of the market and an insight into new and emerging trends.

Francesco carried out the research while studying for an MBA at Cambridge Judge Business School.

## PE AND VC MARKET OVERVIEW

Malta was the first country in the world to introduce legislation for cryptocurrency. Blockchain and online gambling are also important sectors, along with agriculture, food and drink, hospitality, education and aerospace. The controversial golden passport scheme, which since 2014 has allowed wealthy individuals to buy citizenship in return for investments in Maltese property, stocks and shares, property and a national development fund has generated a significant inflow of funds. Little of it appears to have gone into VC or PE investment, however.

There are currently many initiatives to support the birth and early stage development of start-ups, such as accelerators, but there is a lack of investors to help start-ups grow in later stages. One reason for this is the size of the market. The number of start-ups is not large enough at the moment to justify a VC industry.

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**“Maltese people are entrepreneurial, but risk averse; tech here is not a strong sector, we should stimulate entrepreneurship in it!”**

**MANAGER OF  
INNOVATION  
PROGRAMME**

“

**Blockchain and online gambling are key sectors**

# THE START-UP SCENE

A few companies invest in start-ups on an ad-hoc basis, without established VC LLP structures and procedures found in larger economies. If more start-ups were given support to develop, it might lead to the birth of a Maltese VC industry.

There are many initiatives underway to address this problem. A group of Business Angels is working to establish a proper network in Malta, to help the development of local start-ups.

Another ongoing initiative is the creation of a crowdfunding platform, aimed mainly at Maltese businesses and start-ups, which should be operating within the next year.

The Maltese government is playing a role, with a system of tax credits for investors in start-ups, plans to establish a visa programme for start-ups and a new fund to support investment. One advantage of Malta, being a small country, is that authorities are easily accessible - it is relatively easy to make appointments with important figures like ministers.

## MARKET OUTLOOK

Can Malta become a start-up hub?

On the one hand, the investment community in Malta is becoming more integrated, and there are many family offices on the island. On the other hand, the size of the country means a company based there must have an international outlook to prosper.

Malta might not become a global hub for start-ups, but may well become a regional one.

### ORGANISATIONS INTERVIEWED

Francesco conducted nine interviews in Malta between August 7th and August 26th, 2019. Most of the interviews were with consultants and agents present in Malta, rather than VCs themselves, owing to the paucity of actual VC or PCs on the island itself;

**Extol Capital Solutions**

**Hili Ventures -**

**Harvest Technology**

**Mimcol**

**Zaar Crowdfunding**

**Ascend Consulting**

**AlterDomus**

**Smart Studios**

**Malta Information**

**Technology Agency**

**Go Beyond**

**Other VC/PE firm names withheld.**

# ABOUT QODEOVIEW MARKET SNAPSHOT REPORTS

qodeoview market snapshots are reports written by qodeo-MBA researchers from 30 leading Business School alliance members about key venture/private equity and entrepreneurial trends and markets. These cover EMEA, North America & Asia. Insights gleaned are used by qodeo's investor:entrepreneur matching service and to assist corporate advisors build related pipelines.

Register at [www.qodeo.com](http://www.qodeo.com) to receive these as part of our service.

# MATCHING INVESTORS WITH ENTREPRENEURS

Qodeo monitors the venture ecosystem, identifies the best opportunities automatically, and brings entrepreneurs, investors and corporate advisors together to make it work. Acting as what one leading VC called "noise cancellation" for the global venture community, this is a brand new service for a new generation of entrepreneurs and investors who expect to be able to behave differently, and to do business differently.

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